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Approved by the Senate: (withdrawn)

Not Approved by the Senate:

Approved by the President:

Not Approved by the President:

Motion on allowing faculty to change from ORP to TRS

Submitted by: Godfrey Gibbison

9/21/2006

Motion:

Our motion is simply for the Officers of the Faculty Senate, for the Senate Executive Committee, to contact officers of Faculty Senate in other USG institutions to determine the level of interest of the faculty who are enrolled in the ORP in converting to TRS, and to also contact legislators [Jon] Burns, [Jack] Hill, [Bob] Lane, & [Butch] Parrish to inquire into the feasibility of such a one-time conversion

Rationale:

Basically the rationale is that we're hoping that if we can show that there is a statewide interest in such a one-time conversion, that we would have a lot more success in probably persuading the legislature or whoever to allow such a conversion.

Response:

The whole issue of ORP vs. TRS is subject of a motion to be presented later by Godfrey Gibbison. Just a couple of other points of fact. If you need a URL to click on, the latest May 2006 TRS actuarial study, which gives some background into how they set their

rates (if you haven't seen the Chancellor's memo,) and that details all the different contribution rates for about the last ten years is available on the web, with the URL in my reply. The Chancellor did state in his memo, just to reiterate, that he intends to ask state policymakers to review the ORP statute in general and a study of the employer contribution rate in particular, to eliminate similar situations from going forward.

However, there are still a couple of interesting questions that remain. One of which is that TRS notified the Board of Regents [about changes] in a memo dated May 26th that the Board of Regents received May 31st. I don't know why it took Bill Wallace (BOR) two months to notify the campuses of the change. The other question is why the two plans operate on different fiscal years. ORP operates on a calendar year basis; TRS operates on a fiscal year basis. The proposed change in ORP is supposed to take effect January 1, which is the new fiscal year for ORP. However, the TRS contribution—normal contribution—won't change until July 1.

I finally got in touch with Bill Wallace at the Board of Regents this afternoon, and asked him why we are changing before the normal contribution to TRS changes, and he says, "Um, where did you get that information from?" "TRS Annual Report and Actuarial Study." "Oh, well, I'll have to look into it and get back to you." So we'll see what he replies to me.

9. Motion on allowing faculty to change from ORP to TRS: Godfrey Gibbison (COBA): Our motion is simply for the Officers of the Faculty Senate, for the Senate Executive Committee, to contact officers of Faculty Senate in other USG institutions to determine the level of interest of the faculty who are enrolled in the ORP in converting to TRS, and to also contact legislators [Jon] Burns, [Jack] Hill, [Bob] Lane, & [Butch] Parrish to inquire into the feasibility of such a one-time conversion.

Basically the rationale is that we're hoping that if we can show that there is a statewide interest in such a one-time conversion, that we would have a lot more success in probably persuading the legislature or whoever to allow such a conversion. Pat Humphrey (COST) Senate Moderator: Is there a second to the motion? (The motion was seconded.) Godfrey as maker of the motion you get to discuss it first.

Godfrey Gibbison (COBA): I've gotten a number of emails over the last week and had a lot of hallway conversation with faculty who basically have said over the years since the formation of the ORP possibility for retirement that a number of decisions have been made by the TRS Board, most of which have been prejudicial towards the participants in the ORP. Now, I think everybody is quite aware that you make that choice when you

come in on the very first day. I got a packet of information, and I was told, to select pretty soon which of these two retirement plans to go into, and then once you're in you're in. That's it.

However, it seems that the changes that have been made over the years have always been sort of more favorable to TRS than ORP. And I'm not sure I need to make a lot of argument about this in the sense that I think a lot of you are aware of the changes that have been made over a number of years.

For example, just to point one of them...for somebody who could spend 30 or 40 years at Georgia Southern. I never get sick. So by the time I retire from here, I could have 2 years of annual sick leave, none of which will be any good to me. But if I were in TRS, it would; it could be quite a huge benefit. And to convert that to numbers, it could be a huge financial benefit.

Les Furr (CHHS): I'd like to speak against this motion because I don't think that we should couch it in terms of changing in mid-stream from one plan to another. I don't think it makes any legal sense for us to talk about it. I think that we may be able to talk about it in terms of reducing the number of years it takes before you become vested. Ten is kind of a large figure. It was five when I was in California. So maybe if we talk about a decisionmaking period of time early on deciding whether or not you want to go into one or the other. But I don't see putting in a motion of any kind the fact that you want to have a onetime change.

Marc Cyr (CLASS) Do I understand you correctly that the reason you oppose it is that you think we ought to be trying to change the basically the ORP System, the way TRS and ORP are set up rather than making us choose between two options?

Les Furr (CHHS): No company that builds everything on actuarial numbers is going to let you switch from one to another. They're not going to let you go back and forth. I just don't see it happening. I think there are some other things that we can try to do. I noticed that when the University of Georgia put together their little thing, they only had one action item way at the bottom. It was like "Why don't you contact your local representatives?". They didn't really have anything to say except that 900 and some people were affected by it.

Pat Humphrey (COST) Senate Moderator: Just as a point of information for, I've sent some of these items on to the SEC, but the rest of the Senate may not have seen them. Southern Poly has already in their Faculty Senate passed a resolution that basically

says they're concerned over what's going on in the cut and says that they hope that the Board of Regents will revisit the decision. Again, they're concerned with the ability to recruit and retain highly qualified individuals. The Faculty Senate at the University of Georgia will be meeting October 4th. Their SEC is actually meeting today. They have a benefits committee, and their benefits committee drafted a resolution for their Faculty Senate that asks the legislature and the Regents to take two actions:

1. That the earlier recommendations from the UGA University Council that an ORP committee or advisory group separate from that of TRS be established at the Board of Regents.
2. That we recommend that the administration of these programs be separated. ORP should be managed by its own entity, and not TRS, in recognition of the fundamental differences, with respect to their different financial models.

Further, calculations relating to employer contributions should either be uncoupled entirely or reformulated for equal employer contribution in both programs (adhering to the precept of equal pay for equal work), and they also ask for a one-time enrollment for all USG faculty presently in ORP.

Barry Balleck (CLASS): For those who came in on temporary lines to be sitting there and be asked to make a distinction between well, the portability of ORP versus ten years of service under TRS, that's a difficult distinction to make when you don't know if you're even going to be here next year. To have some statement that, once you are on a tenure-track line, that perhaps you have to make that distinction, but to come in on a temporary line and to be asked to make that distinction, that's a very difficult decision for a new faculty member. Once you have attained a tenure-track line, then you have a little bit better sense of what's going on.

Pat Humphrey (COST) Senate Moderator: Well, even if you come here on a tenure-track line, it takes six years to get tenure.

Barry Balleck (CLASS): That's exactly right. Pat Humphrey (COST) Senate Moderator: Are you going to get it? Barry Balleck (CLASS): That's exactly right, but at least you are a little bit more committed to the institution than perhaps you might be just on a temporary line.

Marc Cyr (CLASS): Not everybody has always loved me, and I was on a tenure-track line, and there were a number of my senior colleagues who wanted to wave me

goodbye down the road, and so I went for the ORP, because of the vesting issue. But the issue of being able to switch to go TRS at a point in time where you are capable of making an informed decision is a very good point. An extremely good point.

Clara Krug (CLASS): I'm one of the TRS people. And I understand from colleagues and friends who have spoken with me about the ORP option, even before this started to be an issue, in this current Senate, and the Senate docket, that in their perception the information about ORP that was given to them at the time at which they were to choose was not thorough. And it has turned out to be misleading in their estimate. I can't say what that information was, because I did not read it. I had an option, and I had been here a certain number of years, and I decided I was going to stay with TRS. AAUP and the state of Georgia has always emphasized to its members that TRS has been a very safe retirement fund. That being said, AAUP began in the mid 90s to receive complaints from people across the state of Georgia about the fact that there needs to be some kind of parity. That has not happened, and in my own estimate, as somebody on the outside looking in, hearing my colleagues make these statements, it has gotten worse. So I'm hearing people here say today that, if they had an option to look at, again, the benefits of the two systems, perhaps some people might opt to stay in ORP. Perhaps some people might opt to switch to TRS. I do know that those of us in TRS have an option to get additional retirement monies and to have a portfolio through VALIC and through other options, so you could still have what to me is sort of like a ORP off to the side, and not be in ORP. I would like to see my colleagues, who for lack of better wording, feel like they were led down a garden path to some extent, have an option to go back up the trail to where they started and look again at the information in writing. I think it is so important to have everything in writing. I just really think it is important we give our colleagues an option to change on a one-time basis.

Mark Welford (COST): I think I might be one of the few people that have actually contacted their legislators over this, both for myself, and, Terry did this last year. We contact Jack Hill over this very issue. And he was, he looked into and got back to us and simply said that at this point it is up to the Board of Regents to make a recommendation to the Governor at the point then things could change, but they were not interested in any individual or even university-wide the way it was phrased which it would have to be a joint thing, so I quite like what you're trying to do here and I, and the mathematics when I went through and tried to calculate to get averages. I mean I'll be here when I'm 76, 77. I don't want to be doing that. So I think this is a good thing.

Mary Marwitz (CLASS): To clarify the motion we're suggesting a recommendation to garner support for a request for this change, rather than a request to make the change,

is that correct? And according to what Pat has shared with us, like Georgia and Kennesaw, Pat Humphrey (COST) Senate Moderator: Southern Poly

Mary Marwitz (CLASS): Southern Poly has already indicated, I mean, they've already made the request for a change.

Pat Humphrey (COST) Senate Moderator: Southern Poly has. UGA will be. Actually, UGA's Faculty Senate will be acting on it the 4th of October.

Bruce Grube (President): A clarification on Southern Poly. They sent their letter forward when the situation seemed to be that the contribution rates were different. That's what they were reacting to. They were not reacting to whether a person ought to be able to switch plans or not.

Godfrey Gibbison (COBA): Just to follow up with what Dr. Grube just said. In the communication with Southern Poly, they seemed very clear that their big concern is the different ways in which the two programs have been treated

Pat Humphrey (COST) Senate Moderator: 3 percent is scheduled or slated to take effect for ORP people in January. Six months prior.

Marc Cyr (CLASS): I guess I have a couple of problems with the motion as its put forward. In point #1, the issue really seems to be that people might want to change to TRS, because the two systems are being unfairly, inequitably, treated by the Board of Regents and by the state. So that there's the preexisting condition is a lack of fairness, a lack of equality. And it seems to me that we really should be asking somebody to address that prior to talking about switching from one to the other. But the other point about switching from one system to the other, as Barry pointed out, if you do a one-time only, which is what this asks for, we're covered. We can make that if we've got tenure. We're covered. We can make that decision. What about future people coming in? They're still going to be in the same boat. Are we going to keep coming back every four or five years asking for a one-time only for the people who may be in an inequitable position five, six, seven, eight years from now. I don't think we should do that. I think we need to be requesting also a much more thought-through system of signing on and off these things so that do not have to come back for a one-shot deal over and over and over again. So I like the impulse behind this, and especially the business about all of those sick days that we aren't able to benefit from on ORP, that we aren't able to benefit from in any way, shape, or form. But I just don't think the terms of this motion address the issues that I think are needed to be addressed.

Bruce Grube (President): I'm on ORP myself, and I remember sitting in front of Susan Lovett, who is (was) the benefits officer, and she had provided me with the ORP plan, the state plan. I looked at these, talked about it, I'll take ORP. She said you mean you're not going to be here at least ten years? I said, presidents don't have tenure and it certainly is life in the fast lane, give me the ORP. So I think many decisions are made on that basis, too, and I have to admit being forced into making that decision for the possibility of movement to other places. I think the difference between the way sick leave is treated really ought to be addressed. That's a huge difference, and the majority of the faculty on this campus are in the ORP. What may surprise you is a large number of student affairs, academic affairs, and administration are also on the ORP. One thing I do think we need to be careful about is this is not, even though we have said it in conversation a couple of times, this is not Board of Regents' policy. This policy is formed by the TRS board. The University System of Georgia, I believe, has a single representative that sits on that board, so I think what needs to happen is to marshal perhaps several universities to get some pressure at a point where it's going to do some good. Now the Chancellor is committed to taking a look at this, and I don't think it would hurt the Chancellor at all to know the opinion of various Senates across the state. But we do need to be careful. This is not a Regents program.

Patricia Humphrey (COST) Senate Moderator: One thing I might want to say, also to clarify things with this matter, is both the UGA draft resolution and the one passed by Southern Poly did clearly identify the concerns of inequities between the two plans. UGA one also goes further addressing the idea that Marc was saying about people coming in in the future. Their draft resolution does go on to request that Human Resources division take two actions: 1) that all incoming faculty be given clear, concise, information regarding the difference between the two programs, and, furthermore, that all faculty presently enrolled in ORP be informed of their expected dollar loss in retirement benefits for the academic year and provided with necessary information to increase individual contributions to 401 plans offered through UGA if so desired. So they are trying to say anybody coming in after this should be given clear information as to what's the difference.

Barry Balleck (CLASS): I know this is a different program, and, so forth, but I remember when I first came in I was told that, if I wanted the dental plan, that was a one-time shot, and I had to get the dental plan right then and there. Well, two years ago the dental plan was offered again. Anybody who wanted to pick up dental coverage was able to do that. I know these are completely different, but I don't think it's unprecedented that these sorts of things happen in the corporate world.

Clara Krug (CLASS): I think one of the reasons that Godfrey and I drafted this motion as contacting Faculty Senates and the legislators was because we believed that we were not supposed to contact the Board of Regents directly as a Faculty Senate. So now Dr. Grube you're saying that it would be alright with you if we sent some kind of

Bruce Grube (President): Let me try that one again, Clara. First of all, it's not a University System of Georgia program. Secondly, the Chancellor, after the initial piece of information we got, came out with information related to ORP/TRS, and for those of you who read that document, the only conclusion I could draw from reading that was, "We did it because we could." It infuriated just about everybody who read it. We immediately expressed our concern about this. In a subsequent memorandum, the Chancellor said that he would take this issue up so what I meant to say to all of you, was that the information coming from Faculty Senates in the System would help inform him as he was coming to various recommendations. That's what I meant to say. Thanks, Clara.

Clara Krug (CLASS): He will be contact the Board of Regents? He has indicated some interest in investigating this matter? Bruce Grube (President): Clara, I think I said it would be helpful if the Faculty Senates wanted to put something forward, and the idea that you're pursuing here-- and there's strength in numbers of governing groups on campus--is correct. Whether you've got all the elements in it you want, of course, is something I think is the debate on the floor.

Bob Cook (CIT): Typically, faculty senates draft a motion expressing the sense of the Faculty senate when they want to take a position. I think in my experience at different universities that that typically is is the kind of motion that is used to put the faculty on record with a particular sentiment and it's, I think, less common to direct what happens to that after the faculty have expressed their sentiment. The expectation being that it will percolate through the higher orders as a natural consequence of a body as large as a faculty senate having taken a position.

Candy Schille (CLASS): The first item of the motion talks about contacting officers of the faculty senate of other university systems to determine the level of interest of the faculty of these institutions were enrolled in. If I understand your point correctly, you'd like the Faculty Senate to determine the level of interest at this university, before we go further. Am I correct on that?

Bob Cook (CIT): That if you're asking somebody else to do something and you haven't expressed your faculty's position first. The two things related could be separated, or could be combined.

Candy Schille (CLASS): I can see your logic there. Nonetheless, it seems to me that what we've got here is sufficiently vague and really it seems to me sort of like an exploratory thing at a level higher than merely this university. And maybe that's not such a bad thing. So I'm going to support the motion.

Barry Balleck (CLASS): I agree with Bob that we need a stronger statement of purpose of this senate, but I don't think that does damage to the motion. I think the motion clearly indicates that we want the chair, yourself, to contact other faculty senates, which it sounds like you have already done, to sort of gauge their response.

Patricia Humphrey (COST) Senate Moderator: Just a couple.

Barry Balleck (CLASS): And then, yes, but I don't see that as doing damage, but I do see that this senate needs to make a definitive statement about what our purposes are here. I think a lot of that, of course, is contained in the rationale in the original motion request. Mary Marwitz (CLASS): I agree with Marc's comments earlier that that the fundamental issues here are not whether you can change from one plan to another, but about the discrepancies and the inequities in the two funds, and it seems to me that that precedes the question of changing. The motion as it's stated talks about a one-time conversion, but again that doesn't address the issues of current faculty and future faculty who come in. So, I'm thinking that the things that trouble us are not going to be solved by the option of changing from one system to another, but rather more basic issues.

Godfrey Gibbison (COBA): So, I'm hearing two sets of sentiments: One which I was going to call the question was Candy, but we have to sort of figure out today what we're going to do. Do we want to withdraw, put the motion aside, and come back with a more comprehensive statement at the next senate meeting, in which case we would have to withdraw this motion? Or are we going to vote on this motion? But I think we have sufficient comments on this, so we can figure out where people's heart is. But we have to figure out what we're going to do with this motion as it is written.

Marc Cyr (CLASS): If this motion goes forward as its worded, I will be voting against it. Whereas I do want to see these issues addressed, and dealt with and resolved in

serious fashion, but the way its worded now I would have to vote no on the motion if that affects your opinion.

Godfrey Gibbison (COBA): So Dr. Krug if it's okay with you, we would like to withdraw the motion. Bob may do that? Bob Cook (CIT): No objections from the body, then you can withdraw it. If there is an objection, then it would have to proceed either to a vote on withdrawing it, or to a vote on the motion itself. Patricia Humphrey (COST) Senate Moderator: Is there an objection to withdrawing the motion? Seeing none, I guess it's withdrawn.

Mary Marwitz (CLASS): I just want to thank Godfrey and Clara for bringing this to our attention, and making us have this conversation because it clearly is something that affects all of us intimately and needs to be talked about so thank you very much.